

The complaint

Mr P complains that Vanquis Bank Limited lent to him irresponsibly. He's also unhappy that the account has been defaulted and sold to a third party.

What happened

Mr P applied for a credit card with Vanquis in June 2019. Vanquis approved the application and gave Mr P a credit card with a limit of £250.

Mr P complained that Vanquis had lent to him irresponsibly.

Vanquis didn't uphold the complaint. It said it had carried out proportionate checks before lending to Mr P and that the lending was affordable.

Mr P remained unhappy and complained to this service.

Our investigator didn't uphold the complaint. They said that Vanquis had carried out reasonable and proportionate checks and made a fair lending decision when it determined that the credit was affordable for Mr P.

Mr P didn't agree so I've been asked to review the complaint.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

We've set out our approach to complaints about irresponsible and unaffordable lending including the relevant rules, guidance and good industry practice on our website. I've had this approach in mind when considering Mr P's complaint.

Having done so, I've come to the same conclusion as the investigator. I don't think Vanquis lent irresponsibly. I'll explain why I've reached this decision.

Vanquis needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should've carried out reasonable and proportionate checks to make sure that Mr P could afford to repay what he was being lent in a sustainable manner. These checks could take into account a number of things, such as how much was being lent, the repayment amount, Mr P's borrowing history and his income and expenditure.

Vanquis has provided details of the checks it carried out before it gave Mr P the card. I've reviewed these checks to decide whether the checks were reasonable and proportionate.

Vanquis carried out a credit score and affordability assessment using credit reference agency data and data from the ONS. It also used the information it already held about Mr P's income and expenses from his application. Vanquis discovered that Mr P had a gross annual income of £17,500 with declared housing costs of £575. It calculated Mr P's monthly disposable income as £343.71. It found no CCJ's or defaults on his credit file. It checked Mr

P's other credit commitments and found that he had four active accounts with outstanding balances totalling £714 with no adverse information reported.

Looking at the checks Vanquis carried out, I'm satisfied that they obtained a reasonable amount of information. The credit limit on the account was relatively low at £250. Taking all of this into account I think the checks were proportionate.

I've gone on to consider whether the lending decision was fair, in the light of the information obtained from the checks. In doing so, I've had regard to whether the lending was affordable for Mr P.

I can see that Vanquis obtained details of Mr P's income and outgoings. It calculated that he had living expenses of £460 as well as housing costs of £575. Vanquis calculated that this left Mr P with monthly disposable income of £343.

Based on what I've seen, I think it was fair for Vanquis to assess the credit as affordable. This is because Mr P's monthly disposable income was sufficient to meet the monthly repayments on a credit card with a credit limit of £250.

Taking everything into consideration and for the reasons I've explained, I'm satisfied that the checks were proportionate, and that the lending decision was fair.

I've thought about whether Vanquis treated Mr P unfairly or unreasonably in some other way. Mr P has said that he's unhappy that the account was defaulted and then sold to a third party. He's also complained about the fees and charges which were added to the account before it was defaulted.

The terms and conditions of the account state that Vanquis can apply fees and charges in certain circumstances, for instance, if payments are missed or if the credit limit is exceeded. Based on what I've seen, Vanquis applied fees and charges in line with the terms and conditions. I don't think Vanquis treated Mr P unfairly in this respect.

In relation to the defaulting of the account, I can see that Mr P complained about this to Vanquis in May 2022 and a final response was issued at that time. So I won't be able to look into this part of the complaint, as more than six months have passed since the date of that final response.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 21 August 2024.

Emma Davy
Ombudsman